

## Labour has delivered a good manifesto for the UK

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Due to university commitments in the Netherlands I have got to read Labour's manifesto later in the day than most people. I am now waiting for a plane so my comments are in haste.

First, re income tax: the proposed tax increase is fair. It will impact a little over 1 million people. Because of the suggested structure the estimated yield looks to be realistic if at the top end of the range. The tax will not be a disincentive: it may encourage more tax saving by spending on pensions at the £80,000 margin.

I have already said the corporation tax increase is wise. I think the yield estimate a little high, but plausible.

I am less of an enthusiast for financial transaction taxes of the type proposed than some, but the suggestion is effectively about closing gaping loopholes in existing law. I have no problem with that. Again, I think the yield estimate at the top end but possible.

In summary these increases make complete sense.

More than that, there will be capacity to pay them. Labour proposes to increase GDP by spending. When a government spends more when there is unemployment or underemployment the result is not inflation, it is growth. And that growth always creates the capacity to pay the tax that funds the growth. This is a fact. The only question is how to collect that tax from the economy. Labour has chosen to do so in progressive ways consistent with its plans to reshape society. This, as I explained in 2015, is precisely what The Joy of Tax is. No one can blame Labour for doing exactly what tax is meant to do and leaving most in the country better off as a result. The only question is why the Tories won't do the same.

They will, of course, claim that this is a suicide note from Labour. And they will say it will harm the economy. But neither is true. Government spending when the economy is stagnating at less than capacity is wholly rational. And if it increases the ratio of government spending to total economic activity than has been usual, so what? What we

need is government spending on health, education, social care, education and so much more. We are clearly not wanting to spend more on what the private sector has to offer or we would be doing so. This manifesto does then, very clearly, deliver what the economy needs.

In that case is there a downside? None at all, I suggest, unless you're in the top 3 or 4 per cent of income earners or are a large company or bank. And let's be clear, these groups have the capacity to pay.

There isn't one obvious big idea in the Labour manifesto of the type I would like. At the same time there is one massive underlying theme of bringing to an end the neoliberal era. And that is good enough. I have had my differences with Jeremy Corbyn, but this is a good manifesto for the UK.